

**For discussion
on 13 April 2004**

**Legislative Council Panel on Commerce and Industry
Strategic Framework for Innovation and Technology Development**

Purpose

This paper -

- (a) informs Members of the progress of the work of the Administration's innovation and technology programme; and
- (b) outlines the Administration's new strategic framework for innovation and technology development.

Background

2. The Administration has been promoting the development of innovation and technology, mainly through the funding of applied research and development (R&D) projects and the provision of infrastructural support.

3. The HK\$5 billion Innovation and Technology Fund (ITF) was launched on 1 November 1999 to finance projects that contribute to innovation or technology upgrading in industry, as well as those that contribute to the development of industry. The Administration briefed the Panel on the operation of the ITF and the evaluation of the performance of completed projects in February 2003. As at the end of 2003, the ITF has already supported more than 500 projects at about HK\$1.43 billion. An updated report on the operation of the ITF and the performance of completed projects is at Annex A.

4. Apart from the ITF, we operate the Applied Research Fund (ARF) to provide funding support to technology ventures and R&D projects that have commercial potential. The Administration has been submitting quarterly reports on the ARF to the Panel for information. We

also briefed the Panel on our review of the role and future of the ARF in February 2003. An updated report on the operation of the ARF is at Annex B.

5. As for infrastructural support, the Applied Science and Technology Research Institute (ASTRI) was established in 2000 to perform high quality R&D for transfer to industry and act as a spawning ground for technology entrepreneurs. In March 2003, we briefed the Panel on the progress of work of the ASTRI. As at the end of 2003, the ASTRI has carried out 20 R&D projects in four technology areas at a total funding of HK\$175 million. An updated report on the work of the ASTRI is at Annex C.

6. The Hong Kong Science and Technology Parks Corporation (HKSTPC) is another flagship technology infrastructure. It provides a comprehensive range of services to cater for the needs of industry at various stages, ranging from nurturing technology start-ups through the incubation programme, providing premises and services in the Science Park for applied R&D activities, to providing land in the industrial estates for production. A report on the operation of the HKSTPC is at Annex D.

7. Complementing the above support measures, the Hong Kong Productivity Council (HKPC) promotes productivity excellence through the provision of integrated support across the value chain of Hong Kong firms to enhance the value-added content of products and services and to increase international competitiveness. In 2002, we briefed the Panel on the findings and recommendations of a consultancy study to review the role, management and operation of the HKPC, as well as the progress made to follow up on the recommendations. Further actions taken and progress made since then are outlined at Annex E.

New strategic framework

8. Through our efforts in project funding and infrastructure development over the past years, we have witnessed the strengthening of research capacities in Hong Kong and increased spending in R&D activities in the business sector. On the demand side, we have a very strong base of foundation industries extending beyond our boundary well into the Pearl River Delta (PRD) region. The room for technology upgrading of the 60,000 strong Hong Kong-related enterprises in the PRD is tremendous, and such upgrading would help enhance their value-adding capability and competitiveness. The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) also brings about

unprecedented opportunities for Hong Kong industry. Zero import tariff, coupled with the adoption of 30% value-added criteria as CEPA origin rule for some product codes, may attract to Hong Kong manufacturing of brand name products or manufacturing processes with high value-added content or substantial intellectual property input. It may also attract more companies, both local and overseas, to set up R&D operations in Hong Kong.

9. Having considered how best we may capitalize on our strengths and respond to the changing economic landscape, the Administration proposes that the strategy of innovation and technology development should emphasize on the following -

- (a) Focus - to identify key technology focus areas where we have competitive advantages for optimal use of resources to create greater impact;
- (b) Market relevance – to adopt a demand-led, market-driven approach in driving the innovation and technology programme to ensure that our investments are relevant to industry and market needs;
- (c) Industry participation - to closely involve the industry in defining the key focus areas and other stages of innovation and technology development;
- (d) Leverage on the Mainland - to capitalize on the opportunities presented by CEPA and to utilize the production base in the Greater PRD as the platform for developing our applied R&D and commercialisation of applied R&D deliverables; and
- (e) Better coordination - to strengthen coordination among various technology related institutions and the industry for enhanced synergy and impact.

10. To coordinate the formulation and implementation of innovation and technology policy, and ensure greater synergy among different elements of the innovation and technology programme, we have established the Steering Committee on Innovation and Technology. The Steering Committee is chaired by the Secretary for Commerce, Industry and Technology and comprises members from technology infrastructure, universities and industry. The terms of reference of the Steering Committee is at Annex F. The Steering Committee has endorsed the new

strategy for further development and implementation.

Implementation of the strategy

11. We believe that business decisions are best made by businesses. In the light of the new demand-led and market-driven approach, the Administration has been liaising with industry, universities, technology support organisations and other stakeholders in identifying the technology needs in the market and potential focus areas where Hong Kong has research strengths for future development. We are also organizing study missions to the PRD to identify the technology needs of enterprises in the PRD and match these with the applied R&D capabilities in Hong Kong.

12. In order to ensure that applied R&D efforts in the focus areas are sustained to provide continuous and relevant support to address industry needs, the Administration plans to adjust the existing funding model of the ITF. Under the new model, while bottom-up, diversified projects may still be supported on exceptional merits, ITF funding will mainly be concentrated on supporting the establishment and development of R&D centres in particular focus areas. These R&D centres will form clusters of applied R&D and technology development for commercialisation. They will be expected to work closely with industry from project formulation, implementation to commercialisation. Industry participation, investment and interaction will help ensure that the project deliverables can meet market needs and be applied to facilitate the upgrading of industry. The ARF will also make reference to the focus areas for future investments for better synergy.

13. Our technology infrastructure will support applied R&D efforts in the focus areas through the provision of physical infrastructure for hosting the R&D centres, and offering technology transfer services and promotion. It is expected that the R&D centres could help develop core competencies in applied R&D in particular focus areas, form clusters and become focal points for participation of different stakeholders, including Mainland and overseas partners, in innovation and technology development.

Way forward

14. The Administration is liaising with industry, universities and other stakeholders with a view to identifying potential focus areas for consultation in mid-2004. Subject to feedback received during the

consultation process, we plan to invite proposals for the establishment of R&D centres by the last quarter of 2004.

Commerce, Industry and Technology Bureau
April 2004

Innovation and Technology Fund

Introduction

The Innovation and Technology Fund (ITF) was officially launched on 1 November 1999. There are four programmes under the Fund with different purposes, namely the Innovation and Technology Support Programme (ITSP), University-Industry Collaboration Programme (UICP), General Support Programme (GSP) and Small Entrepreneur Research Assistance Programme (SERAP).

2. As at end 2003, the ITF supported more than 500 projects at about HK\$1.43 billion.
3. In February 2003, the Administration informed Members of the performance of completed projects funded by the ITF¹ and paragraphs 4 to 22 below provide an update of the latest development.

Project Evaluation

4. We have developed a three-tier system in evaluating the performance of completed ITF projects. The first tier targets at individual ITF project, the second tier targets at each of the four specific ITF programmes, and the third tier involves studies on the impact of the funded projects.

A. Project-level Evaluation

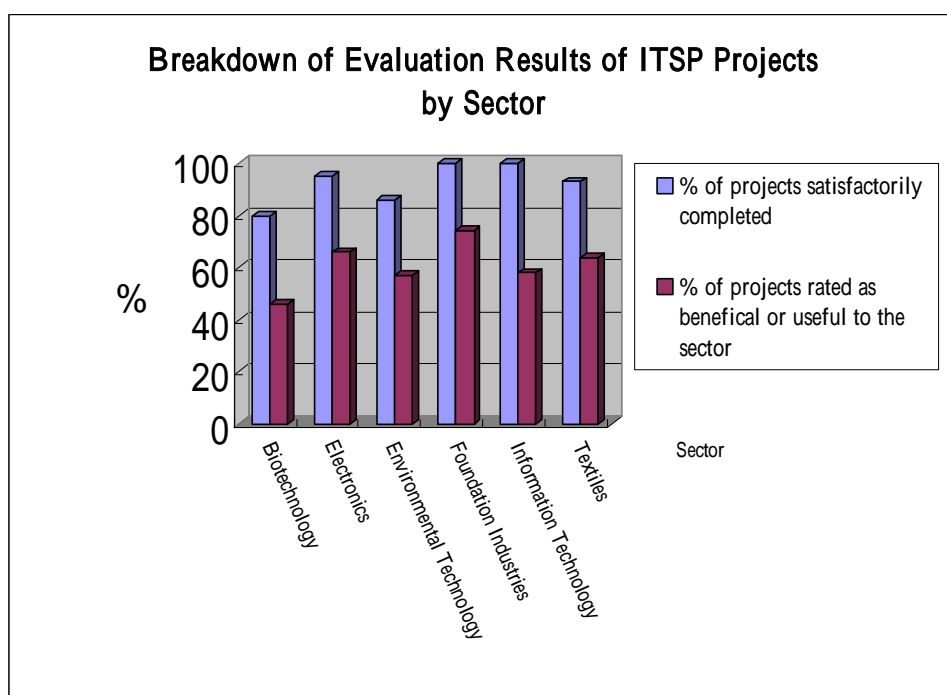
5. We adopt a two-stage assessment in evaluating the performance of an individual project. At the first stage, we assess whether a project is satisfactorily completed in accordance with the milestones and deliverables stipulated in the approved project proposal. At the second stage, we rate the project on the basis of the usefulness and benefits of project deliverables to the relevant industry.

¹ LC Paper No. CB(1)844/02-03(03) – Evaluation Framework for the Innovation and Technology Fund

Innovation and Technology Support Programme (ITSP)

6. Up to the end of 2003, 173 ITSP projects have been completed with their final reports submitted and assessed. Among these 173 completed projects, 160 or 92% have been satisfactorily completed, and 105 or 60% have been rated as useful or having benefits to the relevant industry.

7. Details of the evaluation results of the completed ITSP projects, broken down by industry sector, are shown in the following chart.



University-Industry Collaboration Programme (UICP)

8. Up to the end of 2003, a total of 41 UICP projects have been completed with their final reports submitted and assessed. Among these 41 completed projects, 31 or 76% have been satisfactorily completed, and 28 or 68% have been rated as useful or having benefits to the participating companies.

General Support Programme (GSP)

9. The GSP aims to support projects that contribute to fostering an innovation and technology culture. Up to the end of 2003, 66 GSP

projects have been completed with their final reports submitted and assessed. Among the 66 completed GSP projects, 64 or 97% have been satisfactorily completed, and 44 or 67% have been rated as well attended and can generate interest in developing an innovation and technology culture in the relevant industry.

Small Entrepreneur Research Assistance Programme (SERAP)

10. The SERAP aims to help small, technology based and entrepreneur driven companies carry out business-oriented researches at the pre-venture capital stage. SERAP funding may be provided in two phases. Phase I is a trial period of no longer than six months. Subject to satisfactory progress being demonstrated during the course of Phase I, Phase II, which should not last for longer than 18 months, may be funded to take the project up to the pre-market launch stage.

11. Up to the end of 2003, 69 SERAP projects have ended. Among these 69 SERAP projects, 40 projects had completed both Phase I and II and were rated as satisfactorily completed. Among the 40 satisfactorily completed projects, 15 projects (or 37.5%) were assessed to incur benefits or practical usefulness in that the funded projects generated revenue, attracted follow-on investments or have patents obtained.

B. Evaluation at Programme Level

12. In evaluating the performance of the ITF at programme level, the following parameters have been adopted -

- (a) private sector contribution in R&D;
- (b) human capital deployment, such as number of researchers involved, number of researchers trained and employed;
- (c) number of patents/copyrights filed or registered; and
- (d) technologies, products and services developed.

13. As regards private sector contribution, it is noted that before the introduction of the ITF in November 1999, the total amount of private sector contribution in R&D as reflected by the matching funds for the then Industrial Support Fund (ISF) and Services Support Fund (SSF) was about HK\$24.8 million per annum. Since the launch of the ITF, the total amount of private sector contribution has increased to an average of HK\$160.6 million per annum. For the same period, the average annual

amount of ISF/SSF and ITF funding provided was HK\$295 million and HK\$344.1 million respectively.

14. We have recently engaged a survey firm to conduct an independent survey and collect information from the ITF fund recipients. From the responses received, it is noted that:

- (a) the 232 ITSP projects surveyed altogether generated 335 technologies or products, and a total of 124 patents have been filed and 41 patents have already been granted. These projects have employed a total of 714 research staff;
- (b) the 90 UICP projects surveyed altogether generated 78 technologies or products, and a total of 47 patents have been filed and 10 patents have already been granted. The universities participated in these projects have employed a total of 235 research staff; and
- (c) the 86 SERAP projects surveyed altogether generated 122 technologies or products, and a total of 53 patents have been filed and 11 patents have already been granted.

15. As a very broad indicator, each ITF project has generated 1.3 technologies or products, and 0.55 patent has been filed per project and 0.15 patent has already been granted per project.

C. Impact Studies

16. Through an independent survey mentioned in paragraph 14 above, we have also assessed the impact of ITF funded projects.

17. Overall speaking, among those industrial users or potential users of ITF project deliverables who have responded to the survey, 71% and 64% of them agreed that the ITF could help upgrade the technology level of Hong Kong industries and contribute to the development of a knowledge-based society in Hong Kong respectively. In addition, 74% and 70% of them agreed that the ITF could foster the development of the research culture among the local enterprises and help the growth and development of technology start-ups in Hong Kong respectively. 62% of them agreed that the ITF could contribute to the creation of more technology-related job opportunities in Hong Kong. Impact of individual programmes is set out in paragraphs 18 to 22 below.

ITSP

18. 73% of the ITSP applicants (both successful and unsuccessful applicants) agreed that the ITSP programme could help upgrade the technology level of the Hong Kong industries, and 74% of them agreed that the ITSP programme could foster a closer industry-academic collaboration for the benefits of the industries. In addition, about 63% of the applicants agreed that the ITSP programme could help strengthen the research culture among the local enterprises and 73% of them agreed that the programme could contribute to the creation of more technology-related job opportunities in Hong Kong.

UICP

19. 98% of the project coordinators in the universities participating in the UICP programme agreed that the programme could help foster a closer industry-academic collaboration for the benefits of the industries, and 94% of them agreed that the programme enabled university researchers to gain practical industrial experience through collaboration with their partner companies. 91% of them also agreed that the programme could contribute to the creation of more technology-related job opportunities in Hong Kong.

20. On the other hand, 88% of the companies participating in the UICP programme agreed that the programme could help foster a closer industry-academic collaboration for the benefits of the industries, and 80% of them agreed that the programme could help upgrade the technology level of Hong Kong industries. Also, 70% of the companies agreed that the programme could help foster the development of a research culture among the local enterprises, and 73% of them agreed that the programme could contribute to the creation of more technology-related job opportunities in Hong Kong.

GSP

21. 61% of the GSP applicants (both successful and unsuccessful) agreed that the GSP programme contributed to the development of a knowledge-based society in Hong Kong. 46% of them agreed that the programme fostered the development of research culture among the local enterprises, and 52% of them agreed that the programme contributed to the creation of more technology-related job opportunities in Hong Kong.

SERAP

22. 62% of the SERAP applicants (both successful and unsuccessful) agreed that the SERAP programme could help the growth and development of technology start-ups in Hong Kong. 61% of them agreed that the programme could foster the development of a technology-based entrepreneurial culture in Hong Kong, and 63% of them agreed that the programme could contribute to the creation of more technology-related job opportunities in Hong Kong.

Applied Research Fund

Introduction

The ARF is a government owned venture capital fund of \$750 million set up in 1993 to provide funding support to technology ventures and R&D projects that have commercial potential. The longer-term aim is to increase the technology capability and to enhance the competitiveness of local industry, thereby promoting high value-added economic development in Hong Kong.

2. The ARF is controlled and administered by the Applied Research Council (ARC), a company wholly owned by the Government and formed specifically for this role. The ARC started to engage private sector venture capital firms to be the ARF's fund managers in November 1998.

3. The investments of the ARC fall into two categories: those which were funded by the then Industry Department (ID), and those which were identified by and then funded through the private sector fund managers.

4. We briefed Members on the operation and management of the ARF at the Panel meeting on 11 December 2000², and undertook to provide quarterly written reports on the progress of the ARF. Eleven quarterly reports have been submitted since then and in February 2003³, the Administration also briefed Members on the review of the role and future of the ARF⁴.

² LC Paper No. CB(1)276/00-01(02) - The Applied Research Fund

³ Previous papers of the same series are LC Paper Nos. CB(1)989/00-01, CB(1)1834/00-01, CB(1)939/01-02, CB(1)1232/01-02(04), CB(1)2185/01-02, CB(1)24/02-03, CB(1)582/02-03, CB(1)1415/02-03, CB(1)2008/02-03, CB(1)2522/02-03(01) and CB(1)616/03-04(01)

⁴ LC paper No. CB(1)844/02-03(04) - Review of the Role and Future of the Applied Research Fund

Projects processed by the then ID

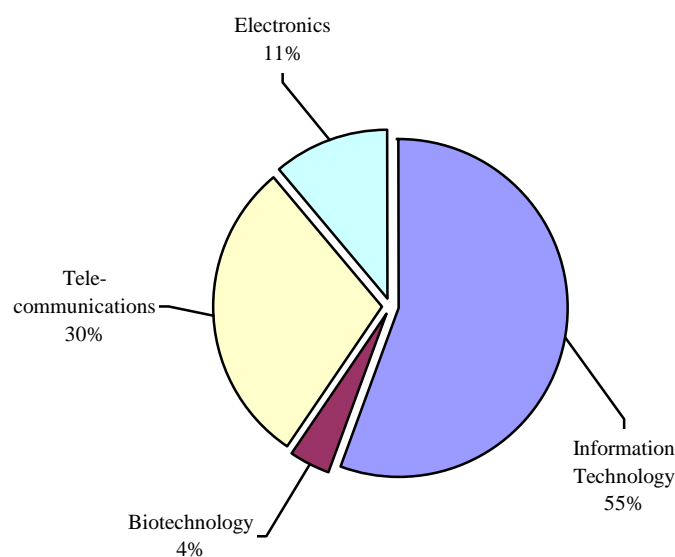
5. The ARC has approved 27 projects in this category with a total amount of \$97 million. Among these 27 projects, the ARC has exited from 21 projects in the form of loans fully repaid (8 cases), loans written off (8 cases), equities sold at net asset value (1 case), equities sold at nominal value (3 cases), and company dissolved (1 case). As a result, the ARC has written off a total of some \$30.75 million or 31.7% of the total approved amount.

6. For the remaining six projects, the ARC has provided support in the form of equity injection for one case and in the form of loans for the other five cases. As at end December 2003, the ARC was receiving repayments from 3 of the 5 cases and was proceeding with appropriate legal action or negotiation on settlement offers in respect of the remaining 2 loan cases.

Projects funded through fund managers

7. As of end February 2004, the ARF has supported a total of 23 projects through fund managers with approved funding of \$378 million.

8. The projects funded by the ARF (via fund managers) broken down by industry sector are shown in the following chart.



9. The latest valuation as at 31 December 2003 of all the investments made by our fund managers stood at 44% of the corresponding total investments at cost. The main reason for the below cost valuation remains to be that our fund managers have continued to be prudent in the valuation in view of the financial difficulties confronting some investee companies and the general unfavourable investment climate for technology businesses. Putting the ARF's investments in a global and industry context, we notice that the financial return of the ARF is not immune to the rather soft technology investment market worldwide. For instance, industry statistics of the U.S. have also shown that the three-year result of venture capital funds in the U.S. formed in 1999 (roughly the time when the ARF started to be operated by venture capitalists) also incurred some 38% "capital loss" in valuation terms.

Applied Science and Technology Research Institute

Introduction

The Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) was established in 2000 to perform the following public mission -

- (a) to perform relevant and high quality R&D for transfer to industry;
- (b) to enhance Hong Kong's technological human resources development;
- (c) to be a focal point for attracting outside R&D personnel to work in Hong Kong;
- (d) to act as a spawning ground for technology entrepreneurs;
- (e) to promote greater application of technology in industry; and
- (f) to provide a focal point for industry-university collaboration.

2. The ASTRI has commenced operation since September 2001 and Members were informed of the progress in the establishment of the Institute in December 2001⁵ and March 2003⁶.

ASTRI's R&D Programme

3. The ASTRI's research foci are photonics technologies, wireless communications, integrated circuit design, Internet software and biotechnology. As at end of 2003, a total of \$175 million from the Innovation and Technology Fund has been approved for the ASTRI to carry out 20 research projects.

⁵ LC Paper No. CB(1)580/01-02(02) – Applied Science and Technology Research Institute

⁶ LC Paper No. CB(1)1042/02-03(04) – Progress of the work of ASTRI

4. One of the projects, which was to develop a technology to enable interactive learning of spoken English on Internet, was completed in 2003 and successfully licensed to several local companies to develop various hardware and software educational products.

5. Separately, the three projects on photonics technologies, which aim to establish a world class packaging capability on specialized communication devices, have recently been completed. Efforts are being made to commercialize the project deliverables in the form of a spin-off from the ASTRI.

6. The ASTRI will continue to initiate projects within its approved R&D programme.

Corporate Governance

7. The ASTRI is a publicly-funded organisation. It has a public mission to fulfil and requires a significant amount of resources for its R&D activities. Given the importance of its role and function, the ASTRI has established a robust corporate governance system and culture to safeguard public interest.

8. The ASTRI's operation is monitored at two different levels - at the strategic level by its Board of Directors, and at the operational level through a robust corporate governance system to manage its day-to-day operation.

9. The ASTRI's Board of Directors gives strategic direction to the Institute regarding its development, research direction, etc.. Currently, the Permanent Secretary for Commerce, Industry and Technology and the Commissioner for Innovation and Technology are the Official Directors of the ASTRI. Apart from the Official Directors, the Board comprises non-official Directors coming from different sectors, ranging from academics and professionals to industrialists and businessmen. This is to ensure that the Board possesses the necessary expertise capable of providing steer to ASTRI in determining its goals and directions. Guidelines for handling potential problems on conflict of interests and reporting pecuniary interests are in place for Directors' observance.

10. At the operational level, the ASTRI is required to set up corporate governance policy and measures that are commensurate with its public mission and operation. Measures include proper R&D project

management (e.g. R&D project selection process, budget review process, and project execution and quality management process), prudent financial management, rigorous internal audit system (the audit covers compliance with operational procedures and guidelines), transparent recruitment process, open and fair procurement system, and proactive publicity policy.

11. The ASTRI has already promulgated a corporate governance manual which was endorsed by its Board of Directors in 2003. Separately, the ASTRI also set up an Internal Audit unit and an Audit Committee in 2003 to ensure that its operational and financial guidelines and procedures are complied with.

Hong Kong Science and Technology Parks Corporation

The Hong Kong Science and Technology Parks Corporation (HKSTPC) was established in May 2001. It provides a comprehensive range of services to cater for the needs of industry at various stages, ranging from nurturing technology start-ups through the incubation programme, providing premises and services in the Science Park for applied research and development activities, to providing land in the industrial estates for production.

Incubation Programme

2. The Incubation Programme is a technology-based service to assist technology start-ups in their inception stages, and aims to encourage and promote innovation-based entrepreneurial activities. The Programme focuses on the technology areas of information technology & telecommunication; biotechnology; electronics; and precision engineering. Over 160 companies have participated in the programme, with 87 of them still under incubation.

Science Park

3. The Science Park is being developed in phases. It seeks to create a focal point and a conducive environment for technology-based firms and activities in the technology clusters of information technology and telecommunications, electronics, biotechnology and precision engineering. Currently, 53 companies have been approved for admission either as tenants or incubatees and the take-up rate of Science Park Phase 1 is about 78% when prospective tenants have been taken into account.

4. Phases 1a and 1b of the Science Park with a total of six buildings and a carpark have been completed. Phase 1c with four buildings are expected to be completed in the 3rd quarter of 2004. The piling work of the first batch of four buildings of Science Park Phase 2 is expected to commence in mid-2004. The entire construction work of Phase 2 is targeted to complete in the second half of 2007.

Industrial Estates

5. The HKSTPC operates three industrial estates, in Tai Po, Yuen Long and Tseung Kwan O. They provide developed land at cost to companies with new or improved technology and processes which cannot operate in multi-storey buildings. The total land area of the industrial estates is 216 hectares, with 43 hectares still available. The total number of grantees in the three industrial estates amount to about 140, covering industries ranging from food and drink; machinery and parts; plastics; building materials and printing to biotechnology, satellite monitoring and controlling stations, broadcasting and TV production as well as optical fibre manufacturing operations.

Integrated Circuit (IC) Design/Development Support Centre

6. In December 2003 the HKSTPC opened its IC design and development support centre providing one-stop solution services to IC companies throughout the entire product development cycle - from initial design to production release. The centre fosters the growth of the IC design industry through providing quality infrastructure and shared support facilities and provision of services such as reliability and product analysis services, probe and test development, etc.. The centre will thus support the IC development cycle by Hong Kong-based IC companies on an end-to-end basis, which will in turn support the electronics end-product manufacturers in Hong Kong and help attract international IC design firms to Hong Kong. The ITF has provided funding support of \$72.8 million in establishing the centre. As at end February 2004, 19 companies approved for admission into the Science Park (out of a total of 53) belong to the IC cluster.

Other support

7. Apart from providing premises for lease to technology-based companies, the HKSTPC also provides value-adding services to its tenants, for instance, provision of student internship programmes, business networking and information services, etc.. It is also establishing a photonics development support centre with comprehensive analysis equipment facility and provision of testing services to support the design, evaluation and qualification of sub-component, component or micro-device with ultra small structure. This will help support development of photonics and related technology in Hong Kong.

Annex E

Hong Kong Productivity Council

Introduction

Pursuant to the consultancy study on its role, management and operation completed in February 2002, the Hong Kong Productivity Council (HKPC) has re-positioned its service focus to provide integrated support to innovation and growth oriented Hong Kong firms across the value chain. Its principal sectoral focus is on manufacturing, particularly in Hong Kong's foundation industries, and related service activities. The main geographical focus is Hong Kong and the Pearl River Delta (PRD).

HKPC's activities

2. In order to allow for better transparency, hence better financial accountability and strategic control, the HKPC has implemented a programme-based funding model since 2003-04. Its emphasis is on deliverables and impacts, and how government subvention is used in different programme areas and activities. Based on the above model, and in line with its new mission, the HKPC has categorised its activities into four programme areas, namely manufacturing technologies, management systems, information technologies and environmental technologies.

3. In 2004-05, the Government has earmarked a recurrent subvention amount of \$166.262 million for the HKPC. This represents a ratio of 35.7% in terms of subvention expressed as a percentage of the HKPC's income.

4. In the area of manufacturing technologies, the HKPC provides one-stop services in manufacturing and materials technology, product design and development, technology commercialisation and e-manufacturing. As for information technologies, the HKPC focuses on assisting information technology (IT) service providers, in particular small and medium enterprises, to improve their quality, capacity and productivity, and supporting the integration of IT services across the value chain. To promote green productivity, the HKPC's environmental technology service covers green manufacturing, efficient energy and resource usage, compliance with environmental legislation and international standards, as well as environmental methods and technology

transfer. The HKPC also promotes the application of good management practices through the implementation of projects in operation management, human resources management, innovation management, and strategic business management.

Do's and don'ts

5. In realigning its services and activities with its new role and focus, and to avoid competition with private service providers, the Council of the HKPC has endorsed a “do's and don'ts” list for the HKPC. To ensure the continued relevance of the list in the changing industrial environment, the Business Development Committee (BDC) of the Council of the HKPC is tasked to monitor the implementation of the list and update it where necessary. To ensure that views from industry will be taken into account in the deliberations, the BDC has set up six industry work groups covering areas of SMEs, textiles and garment, environment, foundation industries, electronics industry and IT to facilitate exchange of views.

Geographical emphasis

6. The HKPC has initiated action to extend its geographical focus to the PRD. Its first “wholly foreign owned enterprise (WFOE)” in the PRD was opened in Guangzhou on 11 March 2004. The HKPC will continue to establish WFOEs in Shenzhen, Dongguan and Zhuhai to provide integrated support and services as those provided in Hong Kong through these WFOEs to Hong Kong firms operating in the PRD.

Steering Committee on Innovation and Technology

Terms of Reference

In order to optimize the impact of Government's innovation and technology programme and its contribution to our economic development, the Steering Committee will –

- (a) advise on the formulation of pertinent policies;
- (b) determine focuses and priorities;
- (c) ensure effective alignment, coordination and synergy among the stakeholders;
- (d) review, where necessary, the institutional arrangements for effective policy and programme implementation; and
- (e) advise on the allocation of resources among major elements of the innovation and technology programme to optimize their utilization.